

**ASSOCIATION OF ADMINISTRATIVE AND
PROFESSIONAL STAFF OF THE UNIVERSITY
OF BRITISH COLUMBIA**

FINANCIAL STATEMENTS

June 30, 2021

Independent Auditor's Report

To the Members of the Association of Administrative and Professional Staff of The University of British Columbia,

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Association of Administrative and Professional Staff of The University of British Columbia (the "Association"), which comprise the statement of financial position as at June 30, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Association as at June 30, 2021, and results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for non-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the "Annual Report", but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, these accounting principles have been applied on a basis consistent with that of the preceding year.

The engagement partner on the audit resulting in this independent auditor's report is James D. Gray.



CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada

October 6, 2021

**ASSOCIATION OF ADMINISTRATIVE AND
PROFESSIONAL STAFF OF THE UNIVERSITY OF BRITISH COLUMBIA
STATEMENTS OF FINANCIAL POSITION**

	As at June 30, 2021	As at June 30, 2020
ASSETS		
CURRENT		
Cash	\$ 689,306	476,897
Term deposits and accrued interest (Note 2)	501,620	501,620
Accounts receivable	168,046	155,470
	<u>1,358,972</u>	<u>1,133,987</u>
 CAPITAL ASSETS (Note 3)	 73,366	 99,663
	<u>\$ 1,432,338</u>	<u>1,233,650</u>
 LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 189,794	109,182
 NET ASSETS		
General Fund	429,965	174,168
Contingency reserve Fund (Note 4)	225,300	225,300
Advocacy reserve Fund (Note 5)	587,279	725,000
	<u>1,242,544</u>	<u>1,124,468</u>
	<u>\$ 1,432,338</u>	<u>1,233,650</u>
 COMMITMENT (Note 7)		

Approved on behalf of the Board of Directors by:

"Joey Hansen"
Executive Director

**ASSOCIATION OF ADMINISTRATIVE AND
PROFESSIONAL STAFF OF THE UNIVERSITY OF BRITISH COLUMBIA
STATEMENTS OF OPERATIONS**

	Year ended June 30, 2021	Year ended June 30, 2020
REVENUE		
Member Dues	\$ 2,020,374	\$ 1,808,080
Interest Income	<u>6,540</u>	<u>9,607</u>
	<u>2,026,914</u>	<u>1,817,687</u>
EXPENDITURES – General Fund		
Member Services:		
Bargaining	1,733	54,359
Communications	12,293	15,925
Compensation – Market Survey	-	2,400
Membership Engagement	12,468	12,267
Professional Development Program	98,258	35,820
Scholarships & Bursary	20,000	16,500
Staff	<u>622,777</u>	<u>527,342</u>
	<u>767,529</u>	<u>664,613</u>
Board/Governance:		
Advocacy Committee	2,672	4,669
Board of Directors	25,997	13,302
Finances	7,875	14,836
General Meetings	1,280	14,594
Staff	119,315	104,077
Volunteer Recognition	-	5,848
	<u>157,139</u>	<u>157,326</u>
Administration:		
Operations	60,685	61,974
Rent	81,403	80,662
Staff	151,536	132,023
Unified Systems Software Support	<u>27,825</u>	<u>25,946</u>
	<u>321,449</u>	<u>300,605</u>
Total Expenditures from Operations	<u>1,246,117</u>	<u>1,122,544</u>
Excess of Revenue over Expenditures from Operations	<u>780,797</u>	<u>695,143</u>
EXPENDITURES – Advocacy Fund (i)		
Member Services:		
Advocacy	<u>662,721</u>	<u>384,021</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>\$ 118,076</u>	<u>\$ 311,122</u>

- (i) *Effective June 30, 2019, the Association changed its accounting policy to report its Advocacy expenditures, and the net assets allocated to pay such costs, within a separate, internally-restricted Fund. Accounting standards require that all transactions that alter the Association's overall net assets be reflected in the Statement of Operations. The budgeted expenditure of the Advocacy Fund for 2021 was \$525,000, however the actual expenditures of that Fund, as reflected above, were \$662,721. The operating surplus for the fiscal year of the General Fund, exclusive of these expenditures, was \$780,797. During the year ended June 30, 2021, the Association allocated \$525,000 to the Advocacy Fund, bringing the year-end balance of the Fund to \$587,279.*

**ASSOCIATION OF ADMINISTRATIVE AND
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STATEMENTS OF CHANGES IN NET ASSETS**

	Contingency reserve Fund	Advocacy reserve Fund	General Fund	Total	
				Year ended June 30, 2021	Year ended June 30, 2020
NET ASSETS, BEGINNING OF YEAR	\$ 225,300	\$ 725,000	\$ 174,168	\$ 1,124,468	\$ 813,346
Excess of revenue over expenditures	-	(662,721)	780,797	118,076	311,122
Inter-fund transfer	-	525,000	(525,000)	-	-
NET ASSETS, END OF YEAR	\$ 225,300	\$ 587,279	\$ 429,965	\$ 1,242,544	\$ 1,124,468

**ASSOCIATION OF ADMINISTRATIVE AND
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STATEMENTS OF CASH FLOWS**

	Year ended June 30, 2021	Year ended June 30, 2020
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 118,076	\$ 311,122
Non-cash items included in operations:		
Amortization	32,546	29,503
Net changes in non-cash working capital items:		
Accounts receivable	(12,576)	(12,422)
Accounts payable and accrued liabilities	80,612	(2,688)
Interest income included in operations	(6,480)	(9,607)
Net cash received from operating activities	<u>212,178</u>	<u>315,908</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(6,249)	(9,903)
Interest income	6,480	15,637
Net cash received from investing activities	<u>231</u>	<u>5,734</u>
NET INCREASE IN CASH DURING THE YEAR	212,409	321,642
CASH, beginning of year	<u>476,897</u>	<u>155,255</u>
CASH, end of year	\$ <u>689,306</u>	\$ <u>476,897</u>

**ASSOCIATION OF ADMINISTRATIVE AND
PROFESSIONAL STAFF OF THE UNIVERSITY OF BRITISH COLUMBIA**
Notes to the Financial Statements
June 30, 2021

1. NATURE AND CONTINUITY OF THE ORGANIZATION

The Association exists to promote the welfare of its members employed by the University of British Columbia ("UBC"). In doing so, the Association acts as the bargaining agent of management and professional staff employed by UBC and governs relations between the management and professional staff at the University through collective bargaining. The Association is incorporated under the Societies Act of B.C. (since October, 1977) and is considered a not-for-profit organization under the Income Tax Act, and as such is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements were prepared by management in accordance with Canadian accounting standards for not-for-profit organizations as included in Part III of the Chartered Professional Accountants ('CPA') Canada Handbook.

Fund accounting

The Association accounts for its operations and segregates equity claims on its net assets utilizing certain internally-restricted Funds as described at Notes 4 and 5. However, the utilization of such net asset amounts is subject only to the policies and decisions adopted by the Association's board. None of the Association's net assets are subject to the control of entities that are external to it.

The results and cash flows of the Association's two internally-restricted Funds are reflected within the statements of revenue and expenditures and cash flows, which are typically applicable only to the Operating Fund. As necessary, the revenue and expenditures of each Fund, as well as any interfund transfers of equity, are also reported separately in the statement of changes in net assets.

Neither the Advocacy Fund nor the Contingency Reserve Fund have recurring dedicated revenue sources, and both are maintained via transfers from the General Fund. The Contingency Reserve Fund had no transactions during either the current or comparative fiscal years.

Revenue Recognition

The Association follows the deferral method of accounting for its member dues. All member dues are unrestricted in their use and are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted investment income is recognized as revenue when earned using the accrual basis of accounting

Term Deposits and Accrued Interest

All term deposits held by the Association are non-redeemable and non-cashable, however all will mature within one year of the balance sheet date. Accordingly, the Association follows the policy of classifying this balance as a current asset. The carrying value of the term deposits is inclusive of provisions for accrued interest.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided at various rates designed to amortize the assets over their estimated useful lives. The amortization rates are as follows:

Computer equipment	3 years straight-line method
Furniture	10 years straight-line method
Software	5 years straight-line method
Office renovations	5 years straight-line method

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Expenditures

Expenditures made by the Association are classified by activity on the statement of operations if they are directly attributable to such activities. Otherwise, they are classified separately by object and program.

Donated Services

Volunteers assist the Association in carrying out its activities. Because of the difficulty in determining their fair market value, contributed services are not recognized in the financial statements.

Estimation Uncertainty and Significant Judgements

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates. For the year ended June 30, 2021, there were no key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next year.

However, adjustments of net assets for internally-restricted allocations have been based on estimates and are fundamentally discretionary in nature. Refer to Notes 4 and 5.

3. CAPITAL ASSETS

	2021			2020		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
	\$	\$	\$	\$	\$	\$
Computer equipment	52,890	43,119	9,771	46,641	38,664	7,977
Furniture	38,909	34,643	4,266	38,909	34,251	4,658
Software	105,698	62,770	42,928	105,698	41,631	64,067
Office renovations	32,802	16,401	16,401	32,802	9,841	22,961
	230,299	156,933	73,366	224,050	124,387	99,663

4. CONTINGENCY RESERVE FUND ("CRF")

The CRF is intended to be used to meet the association's financial obligations for a limited period of time should the University of British Columbia sever its contractual agreement with the Association, which would likely require its restructuring or potentially its dissolution. Refer to Note 6.

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5. ADVOCACY RESERVE FUND (“ARF”)

The ARF is intended to ensure enhanced disclosure as to expected future advocacy-related costs as at each fiscal year end, and to allow improved planning in respect to the Association’s use of its residual net assets.

The ARF may be used for expenses, other than staffing or capital expenditures, related to grievances, complaints filed on behalf of and/or against association members under any applicable UBC policy, or provincial or federal legislation, matters related to the compensation of association members, and the enforcement of the collective agreement or of any other applicable piece of federal or provincial legislation.

During the year ended June 30, 2021, the Board allocated \$525,000 (2020 - \$300,000) to the ARF, bringing the year-end balance of the Fund to \$587,279.

6. ECONOMIC DEPENDENCE

The Association is exclusively made up of members that are employed by UBC, which has the option of terminating its governing agreement with the Association on six months’ notice subject to other restrictions. Terminating this agreement would mean that UBC would no longer be required to withhold from the members’ salaries and remit, to the Association, the monthly dues that constitute substantially all of its revenue. If this were to occur, the Association, subject to the discretion of its members, would either have to reconfigure the mechanism for the collection of its revenue, and/or alter the scope and extent of its current operations. On this basis, the Association as it currently operates is economically dependent on the continuation of its contractual relationship with UBC.

7. COMMITMENT

The Association has a lease until April 30, 2023 with respect to its premises. Future minimum payments are as follows:

<u>Years Ended June 30,</u>	
2022	\$ 98,800
2023	<u>82,334</u>
	<u>\$ 181,134</u>

8. FINANCIAL INSTRUMENTS

The Association is exposed in varying degrees to a variety of financial instrument-related risks. The Board of Directors approve and monitor the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Fair Value

The carrying value of the Association’s term deposits and accounts payable and accrued liabilities approximate their fair value due to the immediate or short-term maturity of these instruments.

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8. FINANCIAL INSTRUMENTS (Continued)

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Association's primary exposure to credit risk is on its cash and term deposits and accrued interest held at a credit union. As all the Association's cash and term deposits and accrued interest is held by one credit union, there is a concentration of credit risk. This risk is managed by using a high credit quality financial institution. The Association's secondary exposure to risk is on its accounts receivable. This risk is minimal as accounts receivable consists primarily of member dues that are automatically deductible.

Liquidity risk

Liquidity risk is the risk that the Association will not be able to meet its financial obligations, as they fall due. The Association has a planning and budgeting process in place to help determine the funds required to support the Association's normal operating requirements on an ongoing basis. The Association ensures that there are sufficient funds to meet its short-term operating requirements, taking into account its anticipated cash flows from operations and its holding of cash and term deposits and accrued interests.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate risk on its term deposits as they are exposed to interest rate fluctuations on renewal. Interest rate risk is considered to be minimal.